register demonstrates that its stock was issued in October, 1991, even though no approval for that issuance had been sought, much less granted. RBI's stock register demonstrates that RBI's affirmative and repeated claims of some "consummation" in March, 1992 were bogus, since no stock-related activity at all in 1992 is reflected in the register. The minutes of the October 30, 1991, meeting demonstrate that the issued stock was voted at that meeting so as to have the intended effect: to protect Parker and Partel from being ousted from RBI, contrary to the vote of RBI's directors the month before.

53. The Bureau has suggested that the fact that RBI ultimately corrected the listing of its officers and directors indicates that there was no intent to conceal here. But that "correction" did not occur until 1994, some three years ***after*** the fact. Further, while RBI's 1994 Ownership Report finally did identify RBI's directors, it did not disclose that those directors had been elected some three years earlier and had been misidentified in a transfer of control application and two ownership reports since then.

54. More importantly, RBI did not disclose at all the fact that Parker had issued 360,000 shares of stock in October, 1991, transferring control of the corporation. To the contrary, RBI steadfastly continued to assert -- to the Commission and even to the Presiding Judge -- that the transfer had really been consummated on March 12, 1992.

55. The truth about the stock issuance did not begin to emerge until late 1999, when Adams reviewed RBI's corporate minutes which contained references to some stock issuance prior to October 30, 1991. Even then the circumstances surrounding that issuance, and the number of shares involved, were not disclosed.

56. But then RBI, in its November 19, 1999, Opposition to Adams's Motion to Enlarge, found itself forced to acknowledge that Parker had in fact issued shares to Partel in

October, 1991. [19] In the same pleading, RBI included a copy of a Settlement Agreement as one of more than 30 attached exhibits. *See* Attachment D. [20] While RBI included that Agreement in order to document its claim that all internal corporate disputes within RBI had

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[19] That acknowledgement was necessary because otherwise RBI could not explain how it was that Parker, as President of Partel, thought himself entitled to call a meeting of RBI's shareholders in October, 1991.

[20] The Settlement Agreement constituted, in effect, a surrender to Parker by Aurandt and the other original RBI shareholders. The Presiding Judge characterized the settlement as "significant". *MO&O* at 5, ¶9. But the settlement cannot be seen to exculpate RBI in any meaningful sense.

First and most important, what RBI did in September, 1992 is immaterial and irrelevant to what it failed to do in October, 1991. RBI was under an obligation to report the stock issuance in October, 1991. It did not do so. RBI was also under an obligation to be full and forthcoming concerning its stock ownership in its November, 1991, 315 application, which was filed in November, 1991 and amended in February, 1992. It was not full and forthcoming. The fact that some internecine disputes may have been resolved in late 1992 cannot absolve RBI from its misrepresentations and lack of candor to the Commission prior to such resolution.

Second, RBI cannot claim that the existence of the internal dispute had any effect on its ownership or operation, since it is clear from the stock register that the RBI stock was in fact distributed in October, 1991. And it is clear from RBI's minutes that the stock which was distributed then was voted in October, 1991 and February, 1992. And it is clear from RBI's submissions to the Commission in connection with, *inter alia*, the November, 1991, 315 and the supposed "consummation" thereof in March, 1992, that RBI demonstrated no concern about the effectiveness of its stock issuance arising from any internal dispute. And it is clear from RBI's claims as recently as July, 1999 in this very proceeding, that RBI viewed the formal "consummation" of its transfer of control to have occurred significantly ***before*** September, 1992. There is no indication anywhere that RBI believed that the Settlement Agreement could be deemed to affect the validity of the October, 1991 stock issuance in any way.

Third, if the Settlement Agreement really were a "significant" document with respect to the October, 1991 stock issuance, then RBI could and should have submitted that document to the Commission pursuant to Section 73.3613, or at least apprised the Commission of the terms of the agreement insofar as they related to ownership and control of RBI. RBI never did so. To the contrary, RBI did not even acknowledge the existence of the Settlement Agreement in response to Adams's discovery efforts in this proceeding. Instead, RBI kept that agreement under wraps until November 19, 1999, at which point RBI apparently believed that disclosure of the agreement might serve its own purposes.

Finally, Adams is constrained to note that the Settlement Agreement provides for a release, by Aurandt, to Parker and Partel releasing them from liability for any and all actions taken by Parker as President or director of STV Reading; it also provides for the resignation of Parker as President and Director of STV Reading. *See* Attachment D, at 25-26. This hardly suggests that Aurandt was really in control of STV Reading, as RBI has claimed.

been resolved by late 1992, that Agreement also included information about the October, 1991, stock issuance which permitted Adams to deduce the essential outlines of that issuance. It was only after Adams set forth its conclusions on that score in its Reply to RBI's Opposition that RBI saw fit to provide Adams with the stock register, which confirmed the accuracy of Adams's conclusions.

57. So it cannot be said that RBI has been forthcoming about its stock situation at any time. In 1991, it withheld any information about Parker's October, 1991 issuance of stock, and instead filed its November, 1991, 315, in which RBI pretended that the stock really had not been issued and would not be issued without prior Commission approval. In 1992, it continued that charade with its "consummation" notice and Ownership Report. In 1993, it parrotted its 1992 Ownership Report. And in 1994, RBI cleaned up the identities of its officers and directors [21/], but provided no information whatsoever which might have suggested that the stock reflected in that Report had been issued long before Commission approval.

58. Thus, the Bureau is wrong to suggest that RBI's subsequent "disclosures" indicate no intent to conceal. Had Parker and RBI intended to be fully forthcoming about the stock issuance and related matters, they could have done so: (a) immediately before or after October 15, 1991; (b) immediately before or after the October 30, 1991 meetings; (c) in the context of the November, 1991, 315, possibly in an exhibit stating that the stock had already

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[21/] The mere correct identification of officers and directors cannot be said to evidence candor on RBI's part. Some change in corporate officials over the course of time is normal. Thus, the introduction of new officers and/or directors in 1994 would not be expected to have raised any eyebrows at all; it certainly would not have signalled to anyone that those officers and directors had actually been in place since 1991, and that they had been put in place by shareholders whose ownership of stock had not theretofore been approved by the Commission.

been issued and setting forth an explanation for that issuance; (d) in an amendment to the November, 1991 315 (which was pending for some three months); (e) in RBI's 1992 Ownership Report; (f) in RBI's 1993 Ownership Report; (g) in RBI's 1994 Ownership Report; (h) in RBI's pleadings to the Presiding Judge concerning the starting date of the license term at issue in this case; (i) in RBI's Opposition to Adams's Motion to Enlarge; or (j) at any other time that RBI might have seen fit to come forward and advise the Commission about its stock issuance. Their failure to do so at any time raises serious questions about RBI's honesty and candor.

59. The Bureau and the Presiding Judge are also wrong to suggest that RBI had no motive to conceal its unauthorized transfer and that there has been no showing of any willingness to deceive the Commission. The central actor on this stage is Parker, whose willingness to engage in fraud and deceit before the Commission is a matter of record and reported opinion, *see Religious Broadcasting Network*, 3 FCC Rcd 4085 (Rev. Bd., July 5, 1988); *Mt. Baker Broadcasting Co., Inc.*, 3 FCC Rcd 4777 (August 5, 1988).

60. The *Mt. Baker* case is especially instructive here. In that case, Mr. Parker's company, a television permittee, had failed to build its station. The Commission denied an application for extension of the permit because of the failure to construct. On reconsideration of that decision, the permittee claimed already to have built the station; it asked to have the permit reinstated so that the permittee could file a covering license application. In light of the claim that the station had been constructed, the Commission reinstated the permit for a brief period, during which the license application was to be submitted.

61. The license application was never submitted, however. Several months later,

Commission inspectors visited the station and found that, while a station had been built, its facilities were vastly different from those which had been authorized in the construction permit. The Commission concluded that the permittee had engaged in deceit in incorrectly advising the Commission that the station had been built.

62. What happened in *Mt. Baker* is similar to what happened here. In *Mt. Baker*, Parker's company was apparently unwilling or unable to build the station as authorized, but it did not want to lose its permit, so it went ahead and built unauthorized facilities. It then told the Commission what it suspected the Commission would want to hear. A nice story designed to secure a grant (of the reinstatement of the permit), and the gambit worked . . . until the Commission's inspectors learned the truth.

63. Here, presumably in order to avoid termination of the Partel MSA and the loss of an opportunity to take over RBI, Parker issued stock and seized *de jure* control of RBI in October, 1991. But he did so without prior Commission approval, and he was unwilling to advise the Commission of what had happened, possibly because, given his then-recent track record before the Commission, he was concerned that the Commission would reject his efforts at self-help. So again he told the Commission what he thought it would want to hear. A nice story designed to secure a grant (of the November, 1991, 315) with which he might arguably legitimize his undisclosed October, 1991, activities. And again, the gambit seemed to be working . . . until the truth about the October, 1991 stock issuance finally began to seep out in late 1999.

64. It is axiomatic that the willingness to deceive an agency is more important than the subject matter of the attempted deception. *E.g.*, *FCC v. WOKO, Inc.*, 329 U.S. 223 (1946). Here there can be little question but that RBI has sought, for eight years, to deceive

the Commission concerning the events of October, 1991. The deception has occurred through the misleading November, 1991, 315, misleading statements concerning the fanciful March, 1992 "consummation", misleading ownership reports, and flat-out inaccurate representations to, *inter alia*, the Presiding Judge. Even if the Commission might have been willing to approve, *post hoc*, the October, 1991 events ***if*** it had known everything there was to know about them, the fact is that the Commission did ***NOT*** know ***ANYTHING*** about them, because RBI was not forthcoming. The fact that the November, 1991 315 was granted is thus immaterial. [22/]

65. Finally, Adams is constrained to observe that RBI's conduct in this hearing is unfortunately consistent with the dismal assessment set out above. Documents -- most notably, RBI's stock register -- have been withheld until the very eve of the hearing (and, in the case of the register, until after Adams had filed its Reply to RBI's Opposition). Had RBI not elected to provide relevant documents in occasional dribs and drabs, at times and under circumstances of RBI's own choosing, Adams might have been able to present the foregoing information in a single Motion to Enlarge, rather than over the course of three or four

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[22/] *See, e.g., WOKO, supra.* In *WOKO*, the Supreme Court addressed arguments similar to those advanced by the Bureau and seemingly adopted by the Presiding Judge. There a licensee was found to have withheld, for years, certain information about a less-than-controlling owner. The licensee argued that the information which was withheld was of no real decisional significance to the Commission, and therefore the withholding of the information should not be deemed culpable. The Court thoroughly rejected that argument:

> It is said that in this case the Commission failed to find that the concealment was of material facts or had influenced the Commission in making any decision, or that it would have acted differently had it known that the Pickards were the beneficial owners of the stock. We think this is beside the point. The fact of concealment may be more significant than the facts concealed. The willingness to deceive a regulatory body may be disclosed by immaterial and useless deceptions as well as by material and persuasive ones. We do not think it is an answer to say that the deception was unnecessary and served no purpose.

329 U.S. at 326-327.

separate pleadings, each based on information provided by RBI after the last Adams pleading was filed.

66. In any event, the totality of the facts and circumstances set forth above present a novel situation which warrants attention by the Commission now, not months or years from now. Adams requests leave to appeal the *MO&O* or, at a minimum, modification of the *MO&O* consistent with the foregoing. [23/] Such modification could include, for example, addition of the requested issues in recognition of the showing above and in Adams's original motion.

Respectfully submitted,

/s/ Gene A. Bechtel
Gene A. Bechtel

/s/ Harry F. Cole
Harry F. Cole

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Counsel for Adams Communications Corporation

December 29, 1999

[23/] Section 1.301 contemplates that, in lieu of permission to appeal, the Presiding Judge may modify his ruling in light of the Request for Permission to Appeal.

ATTACHMENT A

Disclosure Statement

B. Financial Information

Attached hereto as Exhibit E is the 1989 federal tax return of the Debtor containing a profit and loss statement for the year ending December 31, 1989 and a statement of financial positions as of December 31, 1989.

C. Management and Ownership of the Debtor

1. Management Staff.

The management staff of the Debtor consists of Mike Parker, Executive Vice-President, George Mattmiller, Station Manager, and Daniel Bendetti, Production Manager.

Previous involvement with startup television stations in various stages of operation have helped qualify Mr. Parker as an expert in the processes of analysis and implementation - an ability arrived at only after years of working with FCC attorneys, engineers, investment bankers, and syndicated programmers on a daily basis.

Mr. Parker became actively involved in broadcasting in 1979, when he secured the construction permit for Channel 20 i Tacoma, Washington. He has been qualified to testify as an expert witness regarding license application procedures in FCC hearings. In 1989, Mr. Parker organized and directed KWBB's tower move from San Bruno in San Francisco to Mt. Sutro (also in San Francisco) which significantly increased the station's value. Most recently, he was elected Executive Vice President of West Coast United Broadcasting Co. and is a member of its board of directors.

Mike Parker has an extensive background in the political arena, as well as the private sector of broadcasting. He was elected to the State of Washington House of Representatives in 1972 and served until 1977. In addition to his post as Mayor of the City of Tacoma, Mr. Parker has also served as Ex Officio Member of the China Relations Council for Washington State, was a Community and Economic Development Steering Committee Member of the National League of Cities, and a Member of the Local Public Officials' Advisory Committee of Sister Cities International.

From 1970 to 1978, Mr. Parker was a government relations specialist for Riker Laboratories. A member of the Masonic Lodge, he has also served as Secretary and Member of the Board of Directors for Save the Refugees, Inc. and Mercy Corp International.

Mr. Parker is a member of the National Association of Broadcasters (NAB) and the National Association of Television Program Executives (NATPE). He is listed in the 42nd Edition of "Who's Who in America".

George Mattmiller has been involved in many aspects of television broadcast operations for the better part of twelve years. Most recently, he was Station Manager of KWBB-TV38 in San Francisco, where he was responsible for program acquisition and oversaw Traffic and Operations.

Prior to that, Mr. Mattmiller was employed at KTBY-TV4 in Anchorage, Alaska, where he was Program Coordinator and served in the capacities of copywriter, producer, and director

ATTACHMENT B

Order Approving the Management Services Agreement
et al., August 28, 1990

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In Re	:	Chapter 11
READING BROADCASTING t/a WTVE TELEVISION, TV51 and WTVE PRODUCTIONS,	:	
Debtor	:	Bankruptcy No. 86-04474T

ORDER APPROVING THE MANAGEMENT SERVICES AGREEMENT AND THE STIPULATION AND SUBORDINATION AGREEMENT

AND NOW, this 28th day of ~~June~~ August, 1990, upon consideration of the Debtor's Motion for Approval of Management Services Agreement and of Stipulation and Subordination Agreement ("Debtor's Motion"); and after notice and hearing thereon; and this Court finding that the aforesaid Agreements contemplated by the Debtor's Motion to be in the best interest of the Debtor, its shareholders, its creditors and its estate; it is hereby

ORDERED that the execution and delivery by the Debtor of the Management Services Agreement by and between the Debtor and Partel, Inc. dated as of June 1, 1989 and of the Stipulation and Subordination Agreement by and among Partel, Inc., the Debtor and Meridian Bank, dated May 3, 1990, copies of which Agreements are attached to Debtor's Motion and incorporated therein as Exhibit A and B, respectively, and the performance and consummation by the

(#161

Debtor of the terms and conditions of said Agreements be, and hereby are, approved, authorized, and ratified as of the effective dates of said Agreements.

BY THE COURT:

Thomas M. Twardowski
U.S. Bankruptcy Judge

cc: Allen B. Dubroff, Esq.
H. Marvin Mercer, III, Esq.
ASTOR, WEISS & NEWMAN
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Joseph Lewis, Esq.
STEVENS & LEE
607 Washington St.
Reading, PA 19603
Counsel to Meridian Bank

PARTEL, INC.
P.O. Box 1834
Auburn, WA 98071-1834
Attn: Micheal Parker

ENTERED 8/28/90

5 Notices mailed on 8/28/90

k. by V. Palermo Dep. Cl

(#161)

ATTACHMENT C

Debtor's Fourth Amended Plan of Reorganization,
October 28, 1990

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In Re	:	Chapter 11
READING BROADCASTING, INC. t/a WTVE TELEVISION, TV 51 and WTVE PRODUCTIONS	:	
Debtor	:	Bankruptcy No. 86-04474T

DEBTOR'S FOURTH AMENDED PLAN OF REORGANIZATION

The above Debtor hereby proposes the following Fourth Amended Plan of Reorganization.

ARTICLE I
DEFINITIONS

The following terms, when used in this Plan will, unless the context otherwise requires, have the following meanings:

(1) Allowed Claim: Any Claim against the Debtor, (a) which has been or hereafter is listed by the Debtor in its schedules (as they may from time to time be amended in accordance with Bankruptcy Rule 1009) as liquidated in amount and not disputed or contingent, or (b) proof of which was filed with the Bankruptcy Court within the applicable period of limitation affixed by the Bankruptcy Court and (i) as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules or (ii) which was allowed by Final Order after appropriate notice and hearing with respect to an objection thereto. Unless otherwise specified, "Allowed Claim" shall not include interest on the principal amount of any such Claim from

and after the filing of the Chapter 11 Petition herein.

(2) Bankruptcy Code or Code: The Bankruptcy Reform Act of 1978, as amended, applicable to this Case as of the date of the filing of the Chapter 11 Petition herein.

(3) Bankruptcy Court or Court: U.S. Bankruptcy Court for the Eastern District of Pennsylvania, the Bankruptcy Court acting in the within case.

(4) This Case: The case for the reorganization of the Debtor commenced by Involuntary Petition under Chapter 11 of the Bankruptcy Code, on September 25, 1986, in the United States Bankruptcy Court for the Eastern District of Pennsylvania, Case Number 86-04474T.

(5) Chapter 11: Chapter 11 under the U.S. Bankruptcy Reform Act of 1978, and the amendments thereto.

(6) Claim: A right to payment from the Debtor, or from the property of the Debtor, or a right to an equitable remedy for breach of performance, if such breach gives rise to a right to payment.

(7) Class A Creditor: Meridian Bank

(8) Class B Creditors: All Creditors having Class B Claims.

(9) Class C Creditors: All Creditors having Class C Claims.

(10) Class D Creditors: All governmental units having Class D Claims.

(11) Class E Creditor: The United States Trustee for the region including the Eastern District of Pennsylvania.

(12) Class F Creditors: All Creditors having Class F Claims.

(13) Class G Creditors: All Creditors having Class G Claims.

(14) Class H Shareholders: All persons or entities owning legal or equitable title to Class H Interests. The Class H Shareholders shall further be limited to those shareholders set forth on Exhibit A hereto, their heirs, successors, representatives and assigns.

(15) Common Stock: the voting common stock which constitutes the sole class of stock in the Debtor at all times prior to the thirtieth day after the Effective Date of the Plan.

(16) Confirmation: The entry by the Bankruptcy Court of an order confirming the Plan in accordance with the provisions of Chapter 11, subject to the Conditions set forth in Article IX.

(17) Consummation: The accomplishment of all things contained or provided for in this Plan and the entry of an order of consummation finally dismissing the case.

(18) Contested Claim: Any claim as to which the Debtor, or any other party in interest, has interposed an objection in accordance with this Plan, the Code or the Bankruptcy Rules, and which objection has not been determined by Order or judgment that is no longer subject to appeal or certiorari proceeding.

(19) Creditor: A person or entity holding a Claim.

(20) Date of Involuntary Petition: September 25, 1986.

(21) Debtor: Reading Broadcasting, Inc., t/a WTVE Television, TV 51 and WTVE Productions.

(22) Effective Date of the Plan: The ninetieth day following the date upon which the order confirming the Plan becomes final and nonappealable. For the purpose of this Plan, the order of confirmation will become final and nonappealable when the order is no longer subject to appeal or certiorari proceedings and no appeal or certiorari proceedings are pending. The finality or non-appealabiility of the order of confirmation shall not be delayed or affected in any manner by the Conditions to Confirmation set forth in Article IX.

(23) Final Order: A court order which is final and nonappealable. For purposes of this Plan, an order will become final and nonappealable when the order is no longer subject to appeal or certiorari proceedings and no appeal or certiorari proceedings are pending.

(24) Lump Sum Payment: The payment by the Debtor, at its option, to Meridian of One Million Five Hundred Thousand Dollars ($1,500,000.00) without interest on the Effective Date of the Plan in a single installment, in lieu of the treatment provided with respect to Meridian set forth in Article III (1)(a).

(25) Meridian: Meridian Bank

(26) New Common Stock: The voting common stock, with a par value of ten cents, which will constitute the sole authorized class of common stock in the Debtor as of the thirtieth day after the Effective Date of the Plan.

(27) Partel Consulting Contract: The contract of employment by and between Partel, Inc. and the Debtor, which has been approved by Final Order of the Bankruptcy Court.

(28) Plan: The within Fourth Amended Plan of Reorganization.

(29) Reorganized Debtor: The within Debtor on and after Confirmation.

(30) Preferred Stock: The voting preferred stock, which will constitute the sole authorized class of preferred stock in the Debtor as of the thirtieth day after the Effective Date of the Plan. Except when prohibited by law, the holders of Preferred Stock shall vote together with the holders of the New Common Stock as a single class, and each share of New Common Stock and each share of Preferred Stock shall entitle its holder to one equal vote. All other terms and conditions of the Preferred Stock shall be determined by a resolution of the Debtor's board of directors without approval or other action by the shareholders or others.

(31) Secured Claim: A Claim secured by a lien on property in which the Debtor has an interest, which Claim does not exceed the value of the Debtor's interest in that property, but only to the extent the Claim is recognized as secured by the

Debtor, or is otherwise determined by the Bankruptcy Court to be entitled to treatment as a secured Claim under Section 506 of the Code.

(32) Stock Pledge: The right of Meridian Bank to require that all shares of New Common Stock issued pursuant to Article III (6)-(8) herein and pursuant to the Partel Consulting Contract be pledged as additional security for the obligations of the Debtor to Meridian pursuant to Article III (1) (a). The terms of the Stock Pledge are set forth in Article III(1) (a).

ARTICLE II
CLASSIFICATIONS OF CLAIMS AND INTERESTS

The Claims against and interests in the Debtor shall be divided into the following Classes:

(1) The Class A Claim shall consist of the Allowed Secured Claim and Allowed Unsecured Claim, without priority, of Meridian.

(2) The Class B Claims shall consist of all unsecured Allowed Claims for administrative expenses, as defined in Section 503(b) of the Code and with priority as set forth in Section 507(a)(1) of the Code.

(3) The Class C Claims shall consist of all unsecured Allowed Claims with priority as set forth in Section 507(a) of the Code, other than Class B Claims and Class D Claims.

(4) The Class D Claims shall consist of all unsecured Allowed Claims for taxes with priority as set forth in Section 507(a)(7) of the Code, but shall not include penalties related to such taxes which are not in compensation for actual pecuniary

loss.

(5) The Class E Claim shall consist of all amounts due and owing on the Effective Date of the Plan pursuant to 28 U.S.C. Section 1930(a)(6).

(6) The Class F Claims shall consist of: (a) all unsecured Allowed Claims, without priority (including the unsecured Allowed Claims, without priority, if any, of governmental units for penalties related to their Class D Claims, which are not in compensation for actual pecuniary loss) and (b) all Allowed Claims, without priority, if any, held by Creditors who assert, as security for said Allowed Claims, a lien or encumbrance (including judgment liens, mechanics, liens, security interests or other encumbrances) upon the Debtor's property; provided however, that the Class F Claims shall not include the Class A Claim of Meridian or the Class G claims.

(7) The Class G Claims shall consist of all unsecured Allowed Claims, without priority, of Creditors arising out of loans from said Creditors to Henry N. Aurandt and the Debtor for the purpose of capitalizing STV Reading, Inc.

(8) The Class H Interests shall consist of all authorized, issued and outstanding shares of Common Stock in the Debtor immediately prior to the thirtieth day after the Effective Date of the Plan.

ARTICLE III
TREATMENT OF CLASSES UNDER THE PLAN

(1)(a) Subject to the provisions of Article III(1)(b) hereof, in full settlement, release and discharge of the Class A

Claim, Meridian shall be paid the principal sum of Two Million Dollars ($2,000,000.00), with interest at the rate of eleven (11) percent per annum. The principal with interest shall be paid as follows: (i) an initial installment of principal in the amount of Five Hundred Thousand ($500,000.00) Dollars shall be paid on the Effective Date of the Plan, (ii) six monthly installments of interest then due and owing shall be paid commencing one month after the Effective Date of the Plan and continuing on the same day of the next five months thereafter; and (iii) the entire remaining balance shall be paid in seventy-eight equal monthly installments of principal with interest, commencing on the seventh month after the Effective Date of the Plan and continuing on the same day of every month thereafter until all monthly installments have been paid. Meridian shall retain all the liens which it currently possesses in the Debtor's property until its Class A Claim is paid as provided herein. In addition, Meridian is hereby granted a first priority security interest in any and all interests in real estate hereafter acquired by the Debtor (and in all fixtures attached thereto and improvements located thereon) and in all equipment hereafter acquired by the Debtor, until the Class A Claim is satisfied in full. Further, Meridian shall have the right to require that all shares of New Common Stock issued pursuant to Article III (6)-(8) herein and pursuant to the Partel Consulting Contract be pledged as security for the obligations of the Debtor hereunder this Article III (1)(a) (the "Stock Pledge"). This Stock Pledge shall terminate upon the

satisfaction of all of the Debtor's obligations pursuant to Article III (1)(a) and at that time, Meridian shall deliver to Debtor, or to the transfer agent of Debtor's choice, all pledged stock, with necessary indorsements, free and clear of all liens and encumbrances created or granted by Meridian, for transfer to the owners of record at such time. The shares of New Common Stock or Preferred Stock or any debt securities to be issued pursuant to the Securities Offering set forth in Article IX, shall not be pledged to Meridian pursuant to this paragraph. Meridian must exercise its right to the Stock Pledge in a writing delivered to the Debtor and its counsel herein this case, on or before the sixtieth day following the date upon which the Order confirming this Plan becomes final and nonappealable. In the event that Meridian fails to duly and timely exercise its right to the Stock Pledge, such right shall terminate as of the first day following the aforesaid sixtieth day; provided that the Debtor has provided ten days prior written notice to Meridian and its counsel herein this case of the termination of Meridian's right to the Stock Pledge. The Debtor covenants and warrants that until the Class A Claim is satisfied in full, it will not grant, assign, mortgage, lien, pledge, hypothecate or otherwise transfer in any manner whatsoever any legal or equitable security interest in the Debtor's license to operate a television station issued by the Federal Communications Commission. Finally, the Debtor shall execute any and all documents reasonably required by the Class A Creditor to create, evidence, perfect or otherwise

protect or enforce the rights of the Class A Creditor hereunder this Article III(1)(a).

(b) The Debtor shall have the exclusive and unrestricted right to elect to pay to Meridian One Million Five Hundred Thousand Dollars ($1,500,000.00) without interest on the Effective Date of the Plan in a single installment. The Debtor shall exercise its election to make the Lump Sum Payment in a writing delivered to Meridian and its counsel herein this case, on or before the fiftieth day following the date upon which the order confirming this Plan becomes final and nonappealable. In the event that the Debtor fails to duly and timely exercise its right to make the Lump Sum Payment, such right shall terminate as of the first day following the aforesaid fiftieth day. This Lump Sum Payment shall be in full settlement, release and discharge of the Class A Claim, and upon (and solely in the event of) the transfer of the Lump Sum Payment to Meridian, the liens and encumbrances held by Meridian, if any, shall be deemed void and without force or effect. This Lump Sum Payment shall also be in lieu of the treatment set forth in Article III(1)(a) above, and upon election by the Debtor to execute the Lump Sum Payment, all rights of Meridian and all obligations of the Debtor pursuant to Article III(1)(a) shall immediately become null and void.

(2) The Class B Creditors shall be paid their Class B Claims in full on the Effective Date of the Plan, or as their Class B Claims become due in the ordinary course of the Debtor's business, whichever is later.

(3) The Class C Creditors shall be paid their Class C Claims in full on the Effective Date of the Plan.

(4) The Class D Creditors shall be paid their Class D Claims in full over a period ending six years after the assessment of their Class D Claims, with interest at the rate of nine percent per annum, in equal quarterly installments of principal with interest, with payments to commence ninety days from the Effective Date of the Plan.

(5) The Class E Creditor shall be paid its Class E Claim in full on the Effective Date of the Plan.

(6) (a) Subject to the provisions of Article III (6)(b) hereof, in full settlement, release and discharge of the Class F Claims, the Debtor shall pay to each Class F Creditor ten percent of said Creditor's Class F Claim. The dividend to the Class F Creditors shall be paid in eight equal quarterly installments of principal without interest, commencing on the ninetieth day following the Effective Date of the Plan. (b) In lieu of the treatment set forth in Article III (6)(a), a Class F Creditor may elect to receive one share of New Common Stock of the Debtor for each $10.75 portion of that Creditor's Class F Claim, in full settlement, release and discharge of his Class F Claim. The election shall be in writing signed by the electing Class F Creditor and shall be delivered to counsel for the Debtor no later than the date of Confirmation of the Plan. The Debtor shall issue a stock certificate in the name of each electing Class F Creditor and deliver said certificate to the Class F